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MERA FONG CITY LOCAL MUNICIPALITY

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Ref.:

12/1

31 March 2017

**CERTIFIED TRUE EXTRACT of the MINUTES of a SPECIAL COUNCIL MEETING of
MERA FONG CITY LOCAL MUNICIPALITY held on 30 MARCH 2017**

ITEM 13/2017

MEDIUM TERM BUDGET 2017/2018 TO 2019/2020:

1. The Council of Merafong City Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) resolves that:
 - 1.1. The annual budget of the municipality for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification)
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote)
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type)
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are considered as set out in the following tables:
 - 1.2.1. Budgeted Financial Position
 - 1.2.2. Budgeted Cash Flows
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation
 - 1.2.4. Asset management
 - 1.2.5. Basic Service Delivery measurements.
2. The Council of Merafong City Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) resolves that with effect from 1 July 2017:
 - 2.1. the tariffs for property rates – Detailed below
 - 2.2. the tariffs for electricity – Detailed below
 - 2.3. the tariffs for the supply of water – Detailed below
 - 2.4. the tariffs for sanitation services – Detailed below
 - 2.5. the tariffs for solid waste services – Detailed below
3. The Council of Merafong City Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) resolve that with affect from 1 July 2017 the tariffs for other services, as contained in the Tariff Policy.

4. To give proper effect to the municipality's annual budget, the Council of Merafong City Local Municipality considers:

4.1. That the deficit of R189.3 Million will be funded from the accumulated surplus but is not cash backed

5. That the annual Operating Revenue budget of R1.300.1 Million and Operating Expenditure budget of R1.489.4 Million including Operational Transfers and excluding capital transfers for the 2017/2018 Financial Year be considered, which will result in a deficit of R189.3 Million. That the deficit be funded from accumulated surplus.
6. That the annual Capital Budget of R124.3 Million, Including capital transfers for the 2017/2018 Financial Year be considered
7. That the following be considered in respect of Assessment Rates and the charge to be as follows:
- a) The property rates are to be levied in accordance with Council policies, unless otherwise indicated, and the Local Government Municipal Property Rates Act 2004 and the Local Government Municipal Finance Management Act 2003.
 - b) Property rates are based on values indicated in the new General Valuation Roll. The Roll is updated for properties affected by land sub-divisions, alterations to buildings, demolitions and new buildings (improvements) through Supplemental Valuation Rolls. All values are as at the date of the roll, being July 2012.
 - c) Rebates and concessions are granted to certain categories of property usage or property owner.
 - d) The definitions and listing of categories are reflected in the Rates Policy.
 - e) Industrial / Commercial Properties – Undeveloped Land

All properties other than those defined below as residential will be rated as "non-residential" properties. This includes all undeveloped land. The cent-in-the-land for all "non-residential" properties for 2017 / 2018 is proposed to be R 0,0334.

f) Residential Properties

For all residential properties, as defined per the Rates Policy, the first R 65 000 of property value will be rebated by an amount equal to the rates payable on a property of R 65 000 in value.

All residential properties, as defined per the Rates Policy, will be levied a rate which is rebated by 10%. The cent in the land for 2017 / 2018 is proposed to be R 0, 0139c

g) Agricultural Properties

Agricultural properties (including farms and small holdings) fall into three categories:

- (a) Those used for residential purposes;
- (b) Those used for industrial purposes;
- (c) Those used for other businesses and commercial purposes

Properties in rural areas deemed to be small holdings or farms that are not used for *bona fide* farming, but are used as residential properties will be categorized as "residential", provided that they meet the definition of a residential property as described in the Rates Policy. Such properties will qualify for the rebate of the first R 65 000 of municipal value as per the General Valuation Roll and the "rebated" cent-in-the-land. The cent-in-the-land for agricultural properties or small holdings that qualify for residential status is proposed to be R 0, 0139c

Properties in rural areas deemed to be small holdings or farms that are not used for *bona fide* farming, but are used for industrial or business purposes will be categorized as "business". The cent-in-the-land for agricultural properties or small holdings that qualify for business status is proposed to be R 0, 0334c

Properties in rural areas deemed to be small holdings or farms that are used for bona fide farming, will be categorized as "agricultural. The cent-in-the-rand for agricultural properties or small holdings that qualify for agricultural status is proposed to be R 0, 0035c

Public Service Infrastructure

In terms of the Municipal Property Rates Act, Council may not levy rates on the first 30% of the market value of Public Service Infrastructure. The remainder of the market value is rated at the non-residential cent-in-the-rand of R0, 0035c

h) Mines

All Mine properties, as defined per the Rates Policy, will be levied a rate. The cent in the rand for 2017 / 2018 is proposed to be R 0, 0417c

i) Senior Citizens and Disabled Persons Rate Rebate

Registered owners of properties who are senior citizens and/or registered owners of properties who are disabled persons qualify for special rebates according to gross monthly household income. To qualify for the rebate(s) a property owner must be a natural person and the owner of a property which satisfies the requirements for the residential rebate and must on the 1 July of the financial year:

- i) occupy the property as his/her normal residence and
- ii) be at least 60 years of age or in receipt of a disability pension from the Department of Social Development and
- iii) be in receipt of a total monthly income from all sources (including income of spouses of owners)
- iv) not be the owner of more than one property and
- v) submit the application by 30 September for this rebate for the current financial year, failing which the rebate will not be granted.

The percentage rebate granted to different monthly household income levels will be determined according to the schedule below.

The proposed incomes and rebates for the 2017 / 2018 financial year as follows:

Gross Annual Household Income 2017/2018	% Rebate
R 1 To R 76 000	100%
R 76 001 to R 80 000	75%
R 80 001 to R 84 000	50%
R 84 001 to R 88 000	25%
R 88 001 and above	0%

j) Rebates for Certain Categories of Properties / Property Users

The categories of properties qualifying for exemption and rebates are as per the Rates Policy.

- k) The Budget for 2017 / 2018 has been balanced using the estimated income from levying the rates proposed in this report.
- l) Provision has been made in the Budget for 2017 / 2018 for the income forgone arising from the rebates and concessions proposed in this report as detailed in the Rates Policy.
- m) that in terms of Section 26(1) of the Municipal Property Rates Act, the payment of any amount owed emanating from the levy of rates as determined on 1 July 2017 is payable before or on 7 August 2017 and thereafter monthly before or on the date due as determined in (i) below: with the provision that the date(s) for payment of assessment rates with regard to owners mentioned in (ii) below shall be determined as follows:

As regards one half, on 7 October 2017
as regards the balance, on 7 April 2018;

(i) that the payment shall be as follows:

Other:

7 August 2017
8 September 2017
7 October 2017
7 November 2017
8 December 2017
7 January 2018
9 February 2018
9 March 2018
7 April 2018
7 May 2018
8 June 2018
7 July 2018

Pensioners:

15 August 2017
15 September 2017
15 October 2017
17 November 2017
15 December 2017
15 January 2018
16 February 2018
16 March 2018
15 April 2018
15 May 2018
15 June 2018
15 July 2018

(ii) that the following Mines as well as the responsible state institution may pay in accordance with (n) :

Mines

Department of Public Works

That interest be levied at the rate as determined from time to time by the Premier in terms of Section 50(A) of the Local Government Ordinance, 1939, (Ordinance 17 of 1939) which has been determined at prime rate with effect from 1 December 1997 by the Department of Finance on all arrear charges, rates and levies from the day following the due dates as determined in (ii) (d) and (ii) (e) above;

- 8 That the following electricity tariffs be considered in terms of Sections 4 and 11(3) of the Municipal Systems Act, 2000 (Act 32 of 2000) as the Tariff of Charges: Electricity of the Merafong City Local Municipality, provided that the tariffs are approved by the National Electricity Regulator.

Proposed Tariff Structure - Merafong City Local Municipality				
Tariff Category		2016-2017	2017-2018	% change
1. Domestic				
Basic Charge		69.85	75.44	8.00%
Energy Charge	Block 1 (0 - 50kWh)	0.84	0.88	5.00%
	Block 2 (51 - 350kWh)	1.08	1.14	6.00%
	Block 3 (351 - 600kWh)	1.52	1.61	6.00%
	Block 4 (above 600kWh)	1.79	1.92	7.00%
2. Commercial				
Basic Charge		798.10	845.99	6.00%
Energy Charge		1.45	1.54	6.00%
*Pre-Paid		1.49	1.58	6.00%
3. Industrial				
Basic Charge		1158.40	1227.90	6.00%

Energy Charge		0.89	0.94	6.00%
Demand Charge		210.60	223.24	6.00%
3. Industrial -3%				
Basic Charge		1158.40	1227.90	6.00%
Energy Charge - 3 %		0.89	0.94	6.00%
Demand Charge -3%		210.60	223.24	6.00%
Temporary Power		1.58	1.68	6.00%
Streetlights		0.88	0.94	6.00%
Council kWh		0.88	0.94	6.00%

9. that the following Water Tariff be considered and the tariffs be promulgated in terms of Sections 4 and 11(3) of the Municipal Systems Act, 2000 (Act 32 of 2000) as the Tariff of Charges: Water of the Merafong City Local Municipality.

		<u>2016-2017</u>	<u>2017-2018</u>	<u>Percentage Increase</u>
Residential 0 – 15 kiloliters		10.30	11.00	6.75%
Residential 16-35 kiloliters		14.00	15.45	10.36%
Residential 36-50 kiloliters		20.30	25.00	23.15%
Residential 50 kiloliters and above		23.15	30.00	29.59%
Business and Industrial	200 Kiloliters and below	22.70	25.20	11.01%
	Above 200 Kiloliters	24.65	30.00	21.70%
Special Consumers (Schools, Churches and welfare organisations)	200 Kiloliters and below	17.15	18.90	10.20%
	Above 200 Kiloliters	19.25	25.00	29.87%
Departmental		15.10	16.70	10.60%
Mines Domestic		14.90	16.45	10.43%
Mines Operations		14.90	16.45	10.43%
Availability Charge	Vacant Stands - Residential	58.25	64.50	10.73%
Availability Charge	Vacant stands-business	58.25	64.50	10.73%

10. that the following Refuse Removal Tariff be considered and the tariffs be promulgated in terms of Sections 4 and 11(3) of the Municipal Systems Act, 2000 (Act 32 of 2000) as the Tariff of Charges: Cleaning Services of the Merafong City Local Municipality:

CLEANSING: (PLUS V.A.T.):

		<u>2016-2017</u>	<u>Proposed 2017/2018</u>	<u>% Increase</u>
Residential and Business	1 bin/week	140.00	155.00	10.71%
Business	Bin/3 x week	365.00	405.00	10.96%
Business	Bin/5 x week	615.00	680.00	10.57%
MMH (1.75M³) 1x per week		1,770.00	1,950.00	10.17%
MMH (1.75M³) 2x per week		3,065.00	3,380.00	10.28%
MMH (1.75M³) 3x per week		4,355.00	4,800.00	10.22%
MMH (1.75M³) 5x per week		7,885.00	8,700.00	10.34%
Bulk container (30M³) 1x per week		24,950.00	27,500.00	10.22%
Bulk container (30M³) 2x per week		38,015.00	42,000.00	10.48%
Bulk container (30M³) 3x per week		68,620.00	75,500.00	10.03%
Bulk container (30M³) 5x per week		111,815.00	124,000.00	10.90%
Temporary service	Per Bin	66.00	73.00	10.61%
Bulky waste	Per m³	310.00	340.00	9.68%
Special Exemption	Per m³	155.00	170.00	9.68%
Garden services waste	LDV/Trailer	45.00	50.00	11.11%
Small Animal Carcasses		120.00	132.00	10.00%
Bulky garden waste	1m³ - 3m³	295.00	325.00	10.17%
Bulky garden waste	3m³ and above	590.00	650.00	10.17%
Building rubble	per m³	310.00	342.00	10.32%
240 Liter Bins	Per Month for twelve months	24.00	26.50	10.42%

11. And that the following Sewerage Tariff be considered and that the tariffs be promulgated in terms of Sections 4 and 11(3) of the Municipal Systems Act, 2000 (Act 32 of 2000) as the Tariff of Charges: Drainage Services of the Merafong City Local Municipality:

		<u>2016-2017</u>	<u>2017-2018</u>	<u>% Increase</u>
Residential 0 – 15 kiloliters		4.70	5.00	6.38%
Residential 16-35 kiloliters		4.75	5.10	7.37%
Residential 36-50 kiloliters		4.80	5.20	8.33%
Max 50KL				
Business and Industrial	200 Kiloliters and below	4.80	5.20	8.33%
	Above 200 Kiloliters	5.35	5.80	8.41%
Special Consumers (Schools, Churches Welfare organisations and consumers as approved by council)	200 Kiloliters and below	4.70	5.00	6.38%
	Above 200 Kiloliters	4.80	5.20	8.33%
Basic Charge (Payable by property owner)		26.90	50.00	85.87%
Basic Charge - Vacant Stands (Availability charge)		59.15	63.00	6.51%

12. That Council considers the amendments to the Tariff Policy.

13. That Council considers the amendments to the Rating Policy.

14. That Council considers the amendments to the budget related policies of Council.
15. That council considers the miscellaneous tariffs as included in the tariff policy and that the tariffs be promulgated in terms of Sections 4 and 11(3) of the Municipal Systems Act, 2000 (Act 32 of 2000) and that the current Property Rates By-law be replaced with the attached Property Rates By-law as recommended by CoGTA and promulgated as such.
16. That in the event that NERSA tariff approval differs from the tariffs considered by council that the NERSA tariffs be implemented.
17. That the budget be made public and invite the local community to submit representations in connection with the budget before 16 May 2017.
18. That a budget consultation program be developed in conjunction with the office of the Speaker, which must include a workshop with all councillors.
19. That council must consider any views of the;

The local community and
National Treasury and Gauteng Provincial Treasury.



H BREDENKAMP
MANAGER: LEGAL & SECRETARIAT

(T:/Meesters/True Cert –Item 13 – 30 March 2017/CS)